

**CITY OF AUSTIN, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)**

**CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement dated as of June 1, 2013 (this “Disclosure Agreement”) is executed and delivered by and among the City of Austin, Texas (the “Issuer”), U.S. Bank National Association (the “Dissemination Agent”) and SLF III - Onion Creek, L.P. (the “Property Owner”) with respect to the Issuer’s Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the “Bonds”). The Issuer, the Dissemination Agent and the Property Owner covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Dissemination Agent and the Property Owner for the benefit of the Owners (as hereinafter defined) and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of June 1, 2013 (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Representative” shall mean the City Treasurer of the Issuer or his or her designee, and the general partner of the Property Owner or his or her designee, or such other officer or employee as the Issuer or the Property Owner, as applicable, may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the Trustee, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Fiscal Year” means the calendar year from October 1 through September 30.

“Improvement Area #1” means Improvement Area #1 of the Estancia Hill Country Public Improvement District established by the Issuer and related to the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owner” means the registered owner of any Bonds.

“Participating Underwriter” shall mean Jefferies LLC and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax liability.

“Trustee” shall mean U.S. Bank National Association, or any successor trustee pursuant to the Indenture.

### SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Issuer shall cause and hereby direct the Dissemination Agent to, not later than six months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending September 30, 2013, provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, an Annual Bond Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Bond Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the balance of the Annual Bond Disclosure Report, and later than the date required in this paragraph for the filing of the Annual Bond Disclosure Report if audited financial statements are not available by that date and unaudited financial information is submitted not later than six months after the end of the Issuer’s Fiscal Year. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Bond Disclosure Report on the date required in subsection (a);

(ii) file the Annual Bond Disclosure Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) file a report with the Issuer and the Property Owner certifying that the Annual Bond Disclosure Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content of Annual Bond Disclosure Reports. The Annual Bond Disclosure Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) If prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements of the Issuer are not available by the date required by Section 3(a), the Issuer shall provide unaudited financial information not later than such date.

(b) Tables setting forth the following information, as of the end of such Fiscal Year:

(i) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding.

(ii) The amounts in the funds and accounts securing the Bonds and a description of the related investments.

(c) Updates to the information in the Service and Assessment Plan (“SAP”) as most recently amended or supplemented.

(d) Listing of any Improvement Area #1 property or property owner representing more than fifteen percent (15%) of the Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments, all as of the previous October 1.

(e) The total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of Assessments prepaid during such Fiscal Year.

(f) The amount of Assessments collected from the property owners during such Fiscal Year.

(g) The amount of Assessments delinquent greater than six months, one year and two years, and, if delinquencies amount to more than five percent (5%) of aggregate amount of Assessments due in any year, a list of property owners whose Assessments are delinquent.

(h) The amount of delinquent Assessments by Fiscal Year: (1) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted); (2) which are currently subject to foreclosure proceeding which have not been concluded; (3) which have been reduced to judgment but not collected; (4) which have been reduced to judgment and collected; and (5) the result of any foreclosure sales of assessed property within Improvement Area #1 if the assessed property represents more than three percent (3%) of the total amount of Assessments.

(i) The principal and interest paid on the Bonds during the most recent Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year;

(j) Any changes to the methodology for levying the Assessments in Improvement Area #1 since the report of the most recent Fiscal Year;

(k) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraph.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Modifications to rights of Owners, if material.
4. Optional or unscheduled redemptions or repayments of the Bonds, if material.
5. Defeasances.
6. Rating changes.
7. Unscheduled draws on debt service reserves reflecting financial difficulties.
8. Unscheduled draws on credit enhancements reflecting financial difficulties.
9. Substitution of credit or liquidity providers, or their failure to perform.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
12. Tender offers to any Owners, if material.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer or the Property Owner.
14. The consummation of a merger, consolidation, or acquisition of the Issuer or the Property Owner, or the sale of all or substantially all of the assets of the Issuer or the Property Owner,

other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

15. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

16. Failure to provide annual audited financial statements or unaudited financial information as required under this Disclosure Agreement.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event applicable to it, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event applicable to it, the Property Owner shall promptly notify the Issuer and the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraph shall be accompanied with the text of the disclosure that the Issuer or the Property Owner, as the case may be, desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer or the Property Owner and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer and the Property Owner as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Property Owner or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a request under subsection (b), the Issuer determines that the Listed Event under number 2, 3, 4, 10, 12, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Property Owner, the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

SECTION 6. Quarterly Reporting Obligations of the Property Owner.

(a) The Property Owner shall provide, or cause to be provided at its cost and expense, to the Issuer and the Dissemination Agent the information described in this Section 6, and the Dissemination Agent shall, upon receipt from the Property Owner or its designee, promptly provide such information to the MSRB. The Property Owner shall provide, or cause to be provided, the information described in this Section 6 during the period from the delivery of the Bonds until such time as the Property Owner is no longer responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year. Such information shall be provided by the Dissemination Agent to the MSRB not later than thirty (30) days after each January 1, April 1, July 1 and October 1 (beginning October 1, 2013). The Dissemination Agent shall (i) notify the Property Owner at least thirty (30) days prior to each such quarterly reporting date that such report is due, and (ii) within fifteen (15) days of its receipt thereof, provide the following information to the MSRB:

(i) Statement with respect to the Property Owner or any affiliate of the Property Owner as to the status of development loans and any permanent financing with respect to any development undertaken by the Property Owner in Improvement Area #1 not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Improvement Area #1, existence of any default and remaining term;

(ii) Statement as to available funds to complete Improvement Area #1 development under construction as contemplated (both Bond financed and non-Bond financed development undertaken by the Property Owner or any affiliate of the Property Owner);

(iii) Status of parcel and/or lot sales from the Property Owner to any other party by type and average pricing, as well as anticipated future absorption sales;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Property Owner;

(v) The status of any governmental approvals (other than customary home building permits required after a delivery of a finished lot) required for completion of Improvement Projects within Improvement Area #1;

(vi) Any information regarding the Improvement Projects within Improvement Area #1 or other information as may be reasonably requested by the Issuer relating to the ability of the Property Owner or any affiliate of the Property Owner to fulfill its obligations under the Indenture or the SAP; and

(vii) Written notification of any significant zoning or land use entitlement changes or any other matter that would have a material adverse impact on land values

within Improvement Area #1, development potential of lands within Improvement Area #1 or the likelihood of the timely payment of the Assessments levied on land or parcels owned by the Property Owner; and

(viii) Any changes to the land use designation for the property in Improvement Area #1 that might negatively impact its development for those purposes identified in the final SAP, as the same may be amended and supplemented from time to time.

(b) Additionally, the Property Owner shall provide or cause to be provided filings as follows:

(i) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) under contract with purchasers and the name of each purchaser;

(ii) For each residential home builder, on a per quarter and running total basis, (A) the number of residential units for which construction has begun, (B) the number of residential units for which construction has been completed, and (C) the number of residential units which have been sold to end users and the average sales price therefor; and

(iii) For each residential home builder, the estimated date of completion for all residential units expected to be constructed in Improvement Area #1.

(c) With respect to the design-engineering and the Project Fund for the Improvement Projects, the Property Owner will establish an accounting and budgeting system that will show:

(i) Total expected costs for design and engineering to be completed after delivery of the Bonds;

(ii) Total expected construction budget;

(iii) Construction budget allocated to progress “Milestones;”

(iv) Forecast construction “Milestones” of progress;

(v) Forecast completion date; and

(vi) Forecast Issuer acceptance date.

The Property Owner shall prepare, within 90 days of the Bond closing, a schedule reflecting the points listed above for each of the Improvement Projects to be funded by the Bond proceeds. Monthly design and construction expenditure progress reports, reflecting the points listed above, will be summarized on a quarterly basis and sent to the Trustee, reflecting the progress and conformance with the overall project budget. These quarterly reports will be filed with the Dissemination Agent. Budget overruns in excess of \$250,000 or delays of greater than 60 days will be highlighted and explained and the Property Owner shall include a plan to remedy the situation.

(d) If the Property Owner sells, assigns or otherwise transfers ownership of real property in Improvement Area #1 to a third party, which results in such third party owning property representing at least twenty percent (20%) of the total Annual Installments of the Assessments first coming due after such transfer of ownership, the Property Owner shall require such third party to comply with the Property Owner's disclosure obligations hereunder with respect to such acquired real property for so long as such third party is the owner of property representing at least twenty percent (20%) of the total of Annual Installments of the Assessments next coming due.

SECTION 7. Event Reporting Obligations of Property Owner. Whenever the Property Owner or an affiliate of the Property Owner obtains actual knowledge of the occurrence of one or more of the following events, the Property Owner shall notify, or cause such affiliate to notify, the Issuer and Dissemination Agent of such occurrences and the Dissemination Agent shall immediately report and file a notice of such event in the manner as provided in Section 5 for the Listed Events specified therein:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Property Owner, or an affiliate of the Property Owner;

(ii) Material damage to or destruction of any development or improvements, including the Improvement Projects, within Improvement Area #1;

(iii) Material default by the Property Owner or any affiliate of the Property Owner on any loan with respect to the development or permanent financing of District development undertaken by the Property Owner or any affiliate of the Property Owner;

(iv) Material default by the Property Owner or any affiliate of the Property Owner on any loan secured by property within Improvement Area #1 owned by the Property Owner or any affiliate of the Property Owner;

(v) The bankruptcy filing of the Property Owner or of any affiliate of the Property Owner or any determination that the Property Owner or any affiliate of the Property Owner is unable to pay its debts as they become due;

(vi) The filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Property Owner or any affiliate of the Property Owner which may adversely affect the completion of Improvement Area #1 development or litigation which would materially adversely affect the financial condition of the Property Owner or any affiliate of the Property Owner; and

(vii) Any change in the legal structure, chief executive officer or controlling ownership of the Property Owner or any affiliate of the Property Owner.

For purposes of Section 6 and 7, the term "affiliate" shall mean an entity that owns property within Improvement Area #1 and is controlled by, controls, or is under common control of the Property Owner.

SECTION 8. Termination of Reporting Obligations. The obligations of the Issuer, the Property Owner and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer or the Property Owner is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(d).

SECTION 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be U.S. Bank National Association.

SECTION 10. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Property Owner and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer and the Property Owner), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting

principles. No amendment which adversely affects the Dissemination Agent may be made without its consent (which consent will not be unreasonably withheld or delayed).

SECTION 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

SECTION 12. Default. In the event of a failure of the Issuer or the Property Owner to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer or the Property Owner, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Property Owner to comply with this Disclosure Agreement shall be an action to mandamus or specific performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer and the Property Owner agree to hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer and the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking relationship with the Issuer or the Property Owner or any person with whom the Issuer or the Property Owner contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon

any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

The Dissemination Agent may, from time to time, consult with legal counsel of their own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE PROPERTY OWNER, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE PROPERTY OWNER, OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 15. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, Property Owner or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Issuer, Property Owner or Dissemination Agent in other than that person's official capacity.

SECTION 16. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 17. Sovereign Immunity. The Property Owner and the Dissemination Agent agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Property Owner, the Dissemination Agent, the Participating Underwriter and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[remainder of page left blank intentionally]*

CITY OF AUSTIN, TEXAS

By: \_\_\_\_\_  
Elaine Hart, Chief Financial Officer

[signature page of Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION,  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

[signature page of Continuing Disclosure Agreement]

SLF III - ONION CREEK, L.P., a Texas Limited Partnership

By: SLF III Property GP, LLC, a Texas limited liability company, its General Partner

By: Stratford Land Fund III, L.P., a Delaware limited partnership, its Sole and Managing Member

By: Stratford Fund III GP, LLC, a Texas limited liability company, its General Partner

By: \_\_\_\_\_  
Name: Phillip F. Wiggins  
Title: Manager

[signature page of Continuing Disclosure Agreement]

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
ANNUAL BOND DISCLOSURE REPORT**

Name of Issuer: City of Austin, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District)  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Austin, Texas, has not provided an Annual Bond Disclosure Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated June 1, 2013, between the Issuer, SLF III - Onion Creek, L.P., a Texas limited partnership (the "Property Owner"), and \_\_\_\_\_, as dissemination agent. The Issuer anticipates that the Annual Bond Disclosure Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, on behalf of the City of Austin, Texas

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Austin, Texas

**EXHIBIT B**

**CITY OF AUSTIN, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)**

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**ANNUAL BOND DISCLOSURE REPORT\***

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Delivery Date: \_\_\_\_\_, 20\_\_

**TRUSTEE**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

**BONDS OUTSTANDING**

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

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\*Excluding Audited Financial Statements of the Issuer

**ASSETS & LIABILITIES OF PLEDGED TRUST ESTATE**

Bonds (Principal Balance) \_\_\_\_\_

Funds and Accounts [list] \_\_\_\_\_

**TOTAL ASSETS** \_\_\_\_\_

**LIABILITIES**

Outstanding Bond Principal \_\_\_\_\_

Outstanding Program Expenses (if any) \_\_\_\_\_

**TOTAL LIABILITIES** \_\_\_\_\_

**EQUITY**

Assets Less Liabilities \_\_\_\_\_

Parity Ratio \_\_\_\_\_

**Form of Accounting**  Cash  Accrual  Modified  
Accrual

**ITEMS REQUIRED BY SECTION 4(c) - (k)**

[Insert a line item for each applicable listing]

## EXHIBIT C

### BASIC TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
March 10	40	Issuer forwards payment to Trustee for all collections received as of the last day of February, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.  Issuer and/or Administrator should be aware of actual and specific delinquencies
March 15	45	Issuer should be aware if Reserve Fund needs to be utilized for debt service payment on May 1. <b>If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.</b>  Issuer should also be aware if, based on collections, there will be a shortfall for November payment.  Issuer and/or Administrator should determine if previously collected surplus funds plus actual collections will be fully adequate for debt service in May and November.  At this point, if total delinquencies are under 5% and if there is adequate funding for May and November payment, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For properties</b>

**delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.**

**If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full May and November payment, the collection-foreclosure procedure will proceed against all delinquent properties.**

May 1

Trustee pays bond interest payments to bondholders.

90

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Dissemination Agent to notify MSRB if Reserve Fund utilized for debt service.

**Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.**

May 5

95

**Issuer to notify Dissemination Agent for disclosure to MSRB of all delinquencies.**

**If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the May or November bond payments, the City Treasurer shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.**

June 15

135

**Preliminary Foreclosure activity commences.**

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

July 1	150	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
July 15	165	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 1 (day 180).
<b>August 1</b>	<b>180</b>	<b>Foreclosure action to be filed with the court.</b>
<b>August 15</b>	<b>195</b>	<b>Issuer notifies Dissemination Agent of Foreclosure filing status.</b> Dissemination Agent notifies bondholders.
September 1	210	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify MSRB and the Issuer that it is appropriate to file action.

A committee of not less than 25% of the bondholders may request a meeting with the City Treasurer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, bondholders may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the bondholders may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.